Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Market Entry and Regulation of Foreign-affiliated Entities	)	CC Docket No. 95-22

COMMENTS OF AMERITECH

Ameritech respectfully submits these Comments in the above-captioned matter. In general, Ameritech supports the Commission's proposed approach, as it represents a well-reasoned means to achieve its stated goals, while avoiding the needless imposition of detailed rules and requirements that would actually inhibit the development of meaningful competition in the emerging global telecommunications marketplace.

I. THE COMMISSION'S APPROACH IS SUITED TO ITS POLICY GOALS

The Commission's basic goals in this proceeding are (1) to promote effective competition in the global market for communications services, (2) to prevent anticompetitive conduct in the provision of international services or facilities, and (3) to encourage foreign governments to open their communications markets.[1] As correctly noted by the Commission, key elements of global competition, including foreign market liberalization, are appropriate subjects for consideration in the decision process surrounding entry of foreign-owned or

[1] In the Matter of Market Entry and Regulation of Foreign-affiliated Entities, IB Docket No. 95-22, Notice of Proposed Rule Making, released February 17, 1995 ("NPRM"), at 12 (¶ 29).

foreign-affiliated carriers into the U.S. marketplace.[2] It is equally obvious that artificial barriers to market entry can only frustrate the public interest benefits that flow from open markets, which permit U.S. carriers to be healthier competitors both at home and abroad. The results for U.S. consumers, as the Commission has noted, will include reduced rates, increased quality, and new and innovative services.[3]

The NPRM outlines a balanced means of achieving these policy goals through the inclusion of open market concepts in a variety of the Commission's existing tools for consideration of entry of foreign-affiliated carriers into the U.S. market. For example, the modification of the public interest standard to be used in reviewing Section 214 applications to include an "effective market access" examination is an appropriate mechanism by which the Commission can exercise its discretion toward achievement of its policy goals. This step will also encourage foreign governments to liberalize the terms of entry for their own markets, to the direct reciprocal benefit of U.S. carriers. Likewise, the adaptation of existing mechanisms for post-entry regulation of foreign-affiliated carriers[4] will permit ongoing management of the relevant factors.

II. NO NEW REGULATORY CONSTRUCT SHOULD BE IMPOSED

The Commission has correctly rejected AT&T's claims that an entirely new federal regulatory construct is necessary in furtherance of its policy goals in this

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[2] NPRM, at 12-14 (¶¶ 27-34).
[3] Ibid., at 12 (¶ 27).
[4] Ibid., at 26-7 (¶¶ 65-6).

area.[5] Such extreme measures are not advisable from either the standpoint of administrative feasibility or that of likely effectiveness. In fact, if imposed in the form in which it was proposed, such a new regulatory regime would actually stifle the development of meaningful global competition by delaying market entry both in the U.S. and abroad.

In its earlier Petition For Rulemaking, AT&T provided detailed plans for a new federal regulatory construct based upon the premises that "(c)ommission policies are based on an outdated industry model,"[6] and that "(c)urrent policies do not address adequately the public interest issues raised by foreign market entry." The essence of this pleading was a six-page set of proposed rules which would have imposed significant new preconditions upon hopeful foreign applicants seeking entry into U.S. marketplace. Prior to entry, these new rules would have required a series of showings that, inter alia, the carrier would adopt AT&T's proposed costing methodologies, provide unbundled interconnection and distribution arrangements, implement a detailed series of "non-structural safeguards," seek the consent of all originating and terminating carriers before

[5] Significantly, the Commission has aptly noted that the creation of such a new apparatus runs directly against its pro-competitive policy in other areas, rejecting, for example, AT&T's urging that its new regime be extended specifically to enhanced service providers. NPRM, at 33-4 (¶ 82-3).

[6] In the Matter of Market Entry and Regulation of Foreign-affiliated Entities, Petition For Rulemaking, FCC File No. RM-8355, filed by AT&T 9/22/93 ("PFR"), at 10, 32.

carrying certain traffic, and allocate foreign-billed traffic in a prescribed manner.[7]

Aside from the obvious resource drain that would be imposed by the creation and deployment of such a new federal regulatory apparatus, the proposed new structure cannot realistically be said to enhance the chances for development of global competition. For example, AT&T's proposed requirement of a showing, as a precondition to U.S. market entry, that "effective competition actually exists" in the foreign-affiliated carrier's own country, can only operate as distinct new barrier to entry.[8]

III. CONCLUSION

For the foregoing reasons, the Commission should proceed to adopt the implementation approach outlined in the NPRM.

Respectfully submitted,

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[7] PFR, Attachment I.

[8] AT&T has long advocated such a protective "metric" requirement in the context of RBOC entry into its own long distance services market. In that context, as in the instant case, AT&T would institute a scheme of ongoing market share measurements to demonstrate share loss in the potential entrant's market prior to entry into AT&T's arena. In this regard, it is noteworthy that AT&T's PFR contains five separate discussions (and fifteen footnotes) on the potential U.S. entry of the British Telecom/MCI alliance. PFR, at ii-iii; 4-5; 24; 32-39; 43.